

## HB 1850 -- Missouri Energy Efficiency Performance Standard

Sponsor: Wyatt

This bill establishes the Missouri Energy Efficiency Performance Standard which requires electric utilities, municipal utilities, rural electric cooperatives, and gas corporations to achieve specified savings requirements as established by the Missouri Public Service Commission. Electric utility requirements begin in 2012 and are annually increased and based on a percentage of total annual energy use and annual peak demand. Gas corporation requirements begin January 1, 2013, and are specified as a percentage of a baseline requirement. By January 1, 2020, the commission must decide whether to maintain or increase the requirements. One-third of an electrical or gas corporation's excess incremental energy savings may be carried forward and credited to the next year's standard. Failure to comply with the savings requirements will result in civil fines imposed by the commission of \$100 per megawatt-hour of electrical energy savings that an electric utility failed to achieve or \$10 per million Btu of natural gas savings that a gas corporation failed to achieve. The commission may annually adjust the amount based on the rate of inflation. The fines are to be paid to the Department of Natural Resources for use solely for its energy efficiency programs.

The commission, within nine months of the effective date of the bill, must establish rules to implement the provisions of the standard which include specified components including verification of compliance, financial incentives for exceeding savings requirements, and a process for recommending new programs to meet the savings requirements and to specify the procedure for electrical and gas corporations to develop and submit energy efficiency plans to meet the standard.

An electrical or gas corporation must file an energy efficiency plan with the commission within six months of the effective date of the bill and biennially thereafter. The plan must offer training and education programs to each customer class and specify necessary funding levels for proposed cost-effective programs that reduce energy use. The commission may allow for the coordination of programs among consenting utilities where feasible if it would help to maximize energy savings on a statewide basis. However, money spent to comply with the provisions of the standard must only be used to fund programs that provide services in that utility's service territory. Plans may also provide for corporations to facilitate third-party loans to customers to finance energy efficiency projects and demand reduction measures. The bill specifies the commission's approval or rejection process for an energy plan. If a plan is

rejected, the process must be repeated until an acceptable revised plan is approved by the commission.

Each corporation must submit to the commission an annual report with specified information relating to the actions taken by the corporation to comply with the standard.

The commission must produce a report five years after the effective date of the bill and every five years thereafter which includes specified information regarding cost effectiveness, impact on employment, and level of compliance with the savings requirements.

A generation and transmission cooperative may act on behalf of the cooperatives it serves. A joint municipal utility commission may act on behalf of its contracting municipalities. Cooperative and municipal utilities may, jointly or severally, contract with third-party administrators to fulfill the requirements of the bill.